

# PAY TRANSPARENCY

Should salary be a secret?





## What do the Great Resignation, recent amendments to the New York City Human Rights Law<sup>1</sup>, and a growing category of viral social media posts have in common? A desire for greater pay transparency.

Pay transparency<sup>2</sup>, also known as salary transparency or wage transparency, is the practice of employers openly sharing compensation practices at their organization. It can take many different forms—from simple strategies like publicizing how compensation decisions are made to more extreme efforts like listing employee salaries.

While the concept has been around for a while, it only started gaining momentum with legislators, advocates, younger generations, and the media<sup>3</sup> in the past few years. As a leader in people analytics, we wanted to investigate this growing trend. In February 2022, Visier surveyed 1,000 U.S.-based full-time employees to better understand feelings about and experiences with pay transparency.

Today's job seekers and employees overwhelmingly prefer pay transparency—and there are advantages for employers who provide the benefit. Employers have an opportunity to cultivate trust and improve retention with their workforce. However, cultural differences between younger and older generations are causing friction. Let's take a closer look.

## Job seekers want salary ranges during the recruitment process

Salary transparency in talent recruitment is becoming a must-have. Dozens of employment laws across the U.S., like the New York City Human Rights Law<sup>4</sup> and Colorado's Equal Pay for Equal Work Act<sup>5</sup>, require employers to provide estimated salaries on job postings. Our findings reveal pay information is also very important to job seekers.

When asked what information candidates most prioritize when looking at job postings and job applications, respondents named estimated compensation as the number-one factor. This is followed by job responsibilities and company benefits.

If candidates aren't given salary ranges ahead of time it can cause friction. Half of the surveyed respondents (50%) have withdrawn themselves from consideration during the job application or interview process because the revealed pay did not match their expectations. Another 11% of respondents say they have never applied or interviewed for a role without knowing compensation beforehand.

Yet despite the importance of knowing pay scales ahead of time, only 8% of respondents proactively asked about compensation during the job application or interview process for their current role. So, while applicants value knowing the estimated salary ahead of time, they're still hesitant to bring it up.

**The bottom line?** Candidates overwhelmingly prefer pay transparency and it appears employers are moving in this direction. This transparency is not only beneficial for candidates, but for employers as well. By providing estimated salary ranges in job postings or during your first screening conversation, you can save applicants and your recruiting team time, energy, and frustration.

<sup>1</sup>Dayan, L. E. 2021, December 27. New York City Employers Will Be Required to Post Salary Ranges in Job Advertisements as of April 2022. Davis Wright Tremaine LLP.

<https://www.dwt.com/blogs/employment-labor-and-benefits/2021/12/nyc-salary-range-posting-law>

<sup>2</sup>Visier Team. HR Glossary | What is pay transparency? Visier.

<https://www.visier.com/blog/trends/hr-glossary-what-is-pay-transparency/>

<sup>3</sup>Weller, C. 2022, January 25. Insider is launching a series that demystifies people's salaries, and we need your help. Insider.

<https://www.businessinsider.com/insider-salary-journey-series-request-submissions-2022-1>

<sup>4</sup>Green, J., Ceron, E., & Tanzi, A. 2022, February 3. NYC Aims to Close Stubborn Gender Pay Gap With Salary Disclosure. Bloomberg.

<https://www.bloomberg.com/news/articles/2022-02-03/nyc-aims-to-close-stubborn-gender-pay-gap-with-salary-disclosure>

<sup>5</sup>Equal Pay for Equal Work Act, Part 2. Colorado Department of Labor and Employment.

<https://cdle.colorado.gov/equalpaytransparency>

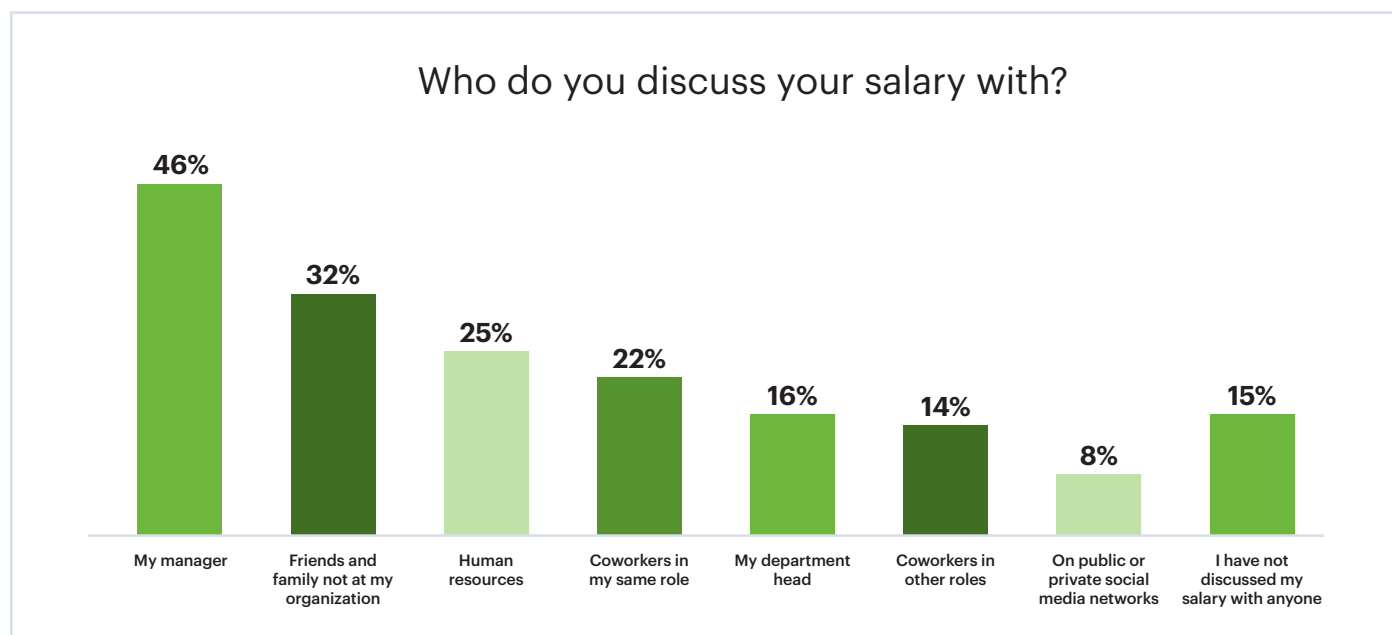


## Younger generations discuss pay more than older generations

Pay has historically been a taboo subject<sup>6</sup> in personal and professional contexts. But thanks to the internet, virtually any information is easily accessible, including compensation data. In fact, communities of pay-transparency enthusiasts have formed on social media, from organization-specific avenues like Fishbowl to organization-agnostic channels like Reddit.

Our findings reveal significant differences between how younger and older generations talk about pay. When asked if respondents were comfortable discussing compensation at work, 70% said they are somewhat comfortable or very comfortable discussing their salary. However, this differs dramatically when looking at generational data—89% percent of Gen Zers say they’re comfortable versus only 53% of baby boomers.

Regardless of the environment, the vast majority of respondents (85%) say they discuss their salary with others both inside and outside their organization. When asked who they discuss salary with, nearly a quarter (22%) of respondents self-report discussing pay with coworkers in their same role, which jumps to more than a third (36%) when looking at Gen Z specifically.



Even though younger generations are more comfortable discussing pay, they also worry more about the potential repercussions of these conversations. Of Gen Z respondents who aren’t very comfortable, they attribute concerns to external factors like potential backlash from their employer (38%). However, older generations say internal factors are the primary reason for their discomfort—45% of baby boomers cite a general dislike for discussing finances.

These concerns make sense considering many respondents have had negative encounters discussing pay in the workplace. **Our findings reveal four in every 10 respondents (41% total) have had a negative experience discussing pay with an employer.** These negative experiences may be due to employees, their managers, their department heads, and HR heads coming from different

<sup>6</sup> Pinsker, J. 2020, March 2. Why So Many Americans Don’t Talk About Money. The Atlantic. <https://www.theatlantic.com/family/archive/2020/03/americans-dont-talk-about-money-taboo/607273/>



generations and having diverse expectations about compensation conversations. Or perhaps it’s due to misalignment between employees and their employers on pay issues since discussions about compensation generally happen during review cycles (which may only happen annually, depending on the organization).

**The bottom line?** Employees, especially Gen Z, want to have conversations about pay—and many are informally having these discussions already. Generational differences may be causing friction between how employees and their employers expect compensation conversations to go. Employers should ensure their managers and department heads are well-equipped to have conversations about pay with empathy to prevent further friction.

## Most employees want some form of pay transparency

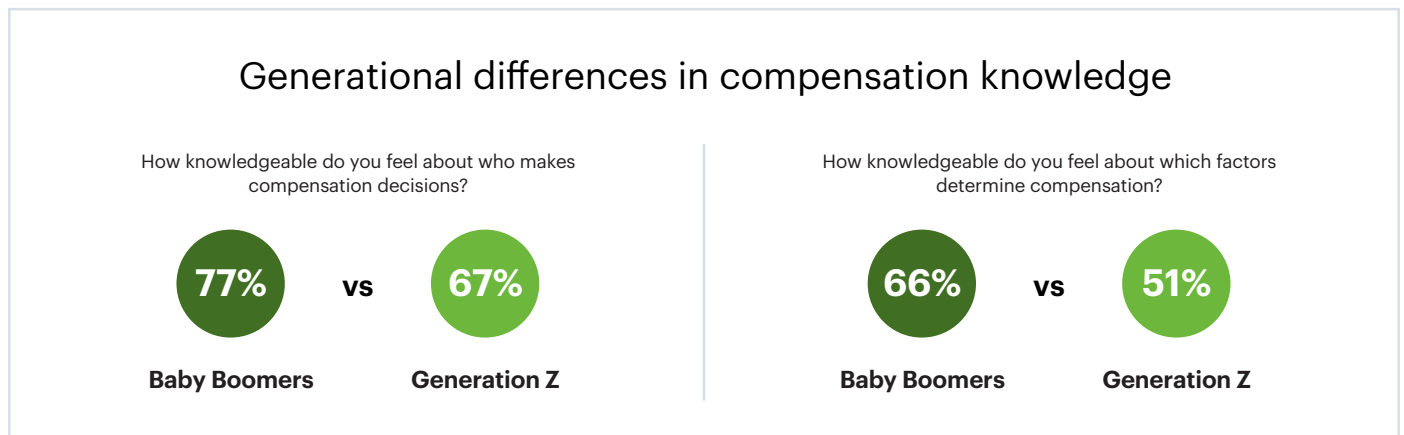
We then asked respondents about their experiences and preferences regarding pay transparency. Our findings revealed that both younger, entry-level employees and older employees in leadership positions want more education on the subject.

A majority of employees (71%) know who makes compensation decisions at their organization. However, fewer (62%) know what factors go into determining compensation. This knowledge differs significantly by gender and generation as well.

### Gaps in compensation knowledge by demographic:

**Gender differences.** Women feel less knowledgeable about who makes compensation decisions (68%) and about how compensation decisions are made (58%) compared to their male counterparts (75% and 66% respectively). This could be attributed to women’s awareness of historical pay inequities<sup>7</sup> and increased skepticism toward their employer as a result.

**Generational differences.** Baby boomers are more likely to know who makes compensation decisions (77%) and which factors go into determining compensation (66%) than Generation Z (67% and 51% respectively). This mismatch in knowledge may be due to the fact that younger respondents are more likely to work in entry-level positions and lean on perceptions of policies versus older respondents who are more likely to be in mid-management or leadership positions and are aware of actual policies.



<sup>7</sup> Martin, L. Closing the Gender Pay Gap: It Takes Action and Data. Outsmart. <https://www.visier.com/blog/culture/closing-the-gender-pay-gap-it-takes-action-and-data/>



When asked about what level of pay transparency employees wanted—total, partial, limited, or none—**79% of respondents want some form of transparency and 32% want total transparency** (defined as publicizing all employee salaries). In fact, the majority of employees (68%) say they would switch employers for greater pay transparency, even if the pay was the same. However, it's important to remember that 21% of respondents don't want any transparency—which jumps to 36% for baby boomers.

The good news for companies is that two-thirds of respondents think their current employer provides enough pay transparency. However, the degree of confidence varies by job title. Those in leadership positions are much more confident that their company is doing enough to address pay transparency.

**Does your employer provide enough pay transparency? Who said yes...**

- **Entry Level:** 68%
- **Associate/Analyst:** 60%
- **Manager:** 68%
- **Director:** 70%
- **Vice President:** 76%
- **C-suite:** 90%

**The bottom line?** Employees want more pay transparency, and it's not necessarily as significant as listing out everyone's compensation. In fact, doing so might alienate a sizable portion of your workforce, especially older workers. Companies can take small steps to provide more transparency, such as pay scales or informational training sessions on how compensation decisions are made, that satisfy younger generations' desires for more knowledge on the subject and help improve retention.

**Pay transparency isn't a temporary trend. Employers need to take action**

Our **Pay Transparency Pulse report** shows that the way younger generations and entry-level employees think about pay is different from how the topic has been historically treated. While it may be tempting for employers to stick to the status quo, it's clear that as more Gen Zers and millennials enter the workforce, employers need to evolve with the times.

Since comfortability and expectations about pay differ dramatically by population, executives should lean on their organization's people data and analytics. This can help you provide the ideal level of pay transparency for your workforce and identify where managers need additional training.

**What level of pay transparency do employees want?**



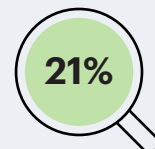
want **some** form of transparency



want **total** transparency (defined as publicizing all employee salaries)



say they would **switch employers** for greater pay transparency, even if the pay was the same



**don't want any** transparency—which jumps to 36% for baby boomers

# About Visier

Visier's purpose is to reveal the human truth about your workforce and contribute to a better future.

Visier was founded to focus on what matters to business people: answering the right questions, even the ones a person might not know to ask. Questions that shape business strategy, provide the impetus for taking action, and drive better business results.

Visier delivers fast, clear people insight by using all the available people data—regardless of source. With best-practice expertise built-in, decisionmakers can confidently take action. Thanks to our amazing customers, Visier is the market leader in Workforce Analytics with more than 15,000 customers in 75 countries around the world.

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